

No. 15/23/DASP

Jakarta, 27 June 2013

C I R C U L A R   L E T T E R

To

ALL BANKS AND

INDONESIA INCORPORATED NON-BANK ENTERPRISES

Subject : Provision of Funds Transfers

In regard to the entering into force of Bank Indonesia Regulation Number 14/23/2012 concerning Funds Transfers (State Gazette of the Republic of Indonesia Number 283 of 2012, Supplement to the State Gazette of the Republic of Indonesia Number 5381), and in support of the security and smooth operation of funds transfer transactions and to provide clarity in regulation of the rights and obligations of relevant parties in the provision of funds transfer activities, it is necessary to stipulate further regulations for implementation of the Bank Indonesia Regulation within a scope including but not limited to provisions concerning the licensing procedure and process, provision of funds transfers and submission of reports by Providers in a Circular Letter of Bank Indonesia.

I. LICENSING PROCEDURE AND PROCESS FOR BECOMING A PROVIDER, FOR INDONESIA INCORPORATED NON-BANK ENTERPRISES

Indonesia incorporated non-Bank enterprises that conduct business in provision of Funds Transfer activities are required to be licensed by Bank Indonesia. The procedure and process for obtaining a licence as Provider is stipulated as follows:

A. Application for Licence as Provider

1. To obtain a licence from Bank Indonesia, an Indonesia incorporated non-Bank enterprise intending to become a Provider (the Applicant) must submit a licence application to Bank Indonesia.
2. The licence application referred to in number 1 must be submitted in writing in the Indonesian language and signed by the board of directors of the Applicant.

3. The intended meaning of board of directors as referred to in number 2 includes but is not limited to:
    - a. board of directors as referred to in the Law concerning Limited Liability Companies, for an applicant incorporated as a Limited Liability Company;
    - b. board of directors as referred to in the Law concerning Regional Government Enterprises, for an Applicant incorporated as a Regional Government Enterprise;
    - c. board of directors as referred to in the Law concerning Cooperatives, for an Applicant incorporated as a Cooperative;
    - d. board of directors as referred to in the Law concerning State Owned Enterprises, for an Applicant incorporated as a State Owned Enterprise.
- B. Requirements for Becoming a Provider
1. Licence applications as referred to in item A.1 must be supported by the following documents and/or requirements:
    - a. Documents pertaining to incorporation and financial condition, consisting of:
      - 1) photocopy of the deed of incorporation of the enterprise, if any, validated by the competent agency, stipulating expressly that funds transfer activities or remittance activities constitute the activity or one of the activities of the enterprise concerned;
      - 2) original certificate of domicile of the enterprise, from the competent agency;
      - 3) original document explaining the composition of the board of directors, board of commissioners or supervisors and shareholders of the enterprise, as per the most recent state of affairs;
      - 4) original personal statement from each director and commissioner or supervisor, stating that the person concerned:
        - a) has never been declared bankrupt nor become a shareholder, member of the board of directors or commissioners/supervisors found at fault for causing a company to be

declared ...

declared bankrupt pursuant to a court decision within 5 (five) years preceding the date of application;

- b) has never been convicted of a crime in banking, finance and/or money laundering based on a court decision with permanent legal force;
- c) not listed in the bad debt list at the time of submission of the application;
- d) is not included in the national black list of persons fraudulently issuing cheques/non-negotiable payment orders (*bilyet giro*) administered by Bank Indonesia at the time of submission of the application,

with reference to sample 1 in the Annex that constitutes an integral and inseparable part of this Circular Letter of Bank Indonesia.

- 5) proof of payment of capital, subject to the following provisions:
  - a) for an Applicant providing a system that may be used by other Providers, paid up capital shall be no less than Rp 500,000,000.00 (five hundred million rupiahs); or
  - b) for an Applicant not providing a system that may be used by other Providers, paid up capital shall be no less than Rp 100,000,000.00 (one hundred million rupiahs);
- 6) documents that elaborate the financial condition of the Applicant, comprising the:
  - a) financial statement of the Applicant for the 3 (three) latest annual positions, for an Applicant established 3 (three) or more years previously;
  - b) financial statement of the Applicant for the 2 (two) or fewer latest annual positions, as appropriate to the time for which Applicant has been established, for an Applicant

established ...

- established less than 3 (three) years previously; or
- c) financial statement, balance sheet, list of assets, liabilities and equity or other documents to explain the financial condition, for a newly established Applicant.
- b. Documents pertaining to operational readiness, consisting of:
- 1) written policy and procedures encompassing at least:
    - a) execution of the provision of Funds Transfer activities, both sending and receiving, applying the principle of hierarchy of authority;
    - b) monitoring of Funds sent and/or received; and
    - c) application of consumer protection principles in accordance with laws and legislative regulations;
  - 2) mechanism for implementation of risk management, with scope including but not limited to financial risk, operational risk and legal risk.
  - 3) written policy and procedures for implementation of the anti-money laundering and eradication of terrorism financing program, in accordance with laws and legislative regulations;
  - 4) proof of operational readiness, encompassing at least technical issues (system infrastructure and communication lines), human resources (organisational structure, job descriptions and responsibilities) and readiness of the place of business;
  - 5) proof of the security and reliability of the system or mechanism for provision of Funds Transfers, comprising at least the following:
    - a) photocopy of the results of an information technology audit by an internal or external independent auditor, for an Applicant

providing ...

- providing a system that may be used by other Providers; or
- b) original personal statement by the board of directors and board or commissioners or supervisors concerning the security and reliability of the system or mechanism for provision of Funds Transfers, for an Applicant not providing a system that may be used by other Providers, prepared with reference to sample 2 in the Annex constituting an integral part of this Circular Letter of Bank Indonesia;
  - 6) draft agreements of cooperation with other Providers and/or third parties in relation to provision of Funds Transfer activities, including cooperation with Cash Points, if applicable;
  - 7) details of information concerning branch offices, identity of other Providers and/or other parties cooperating with the Provider in relation to provision of Funds Transfer activities, including information on Cash Points, if applicable; and
  - 8) effective written policy and procedures for dealing with emergencies (disaster recovery plan) and business continuity plan for resolving and minimising issues arising from unforeseen events that may disrupt operations in the provision of Funds Transfer activities.
- c. Requirement that the board of directors and board of commissioners or supervisors of the Applicant to be of high integrity, including but not limited to:
- 1) good character and sound moral principles, demonstrated among others by a personal stance of complying with the prevailing regulations;
  - 2) commitment for compliance with the prevailing laws and legislative regulations; and
  - 3) commitment to developing the provision of Funds Transfer activities conducted by the Applicant.

When submitting the licence application, these requirements shall be satisfied, among others, by furnishing original personal statements prepared according to sample 1 in the Annex that constitutes an integral part of this Circular Letter of Bank Indonesia.

- d. The documents referred to in letter a until letter c must be submitted in the Indonesian language.
  2. Bank Indonesia may conduct a fit and proper test, including but not limited to holding interviews with the board of directors, board of commissioners or supervisors and/or controlling shareholders or owner of the Applicant as part of the requirements that must be satisfied by the Applicant.
- C. Licensing Process
1. For the purposes of issuing a licence or rejecting an application submitted by an Applicant, Bank Indonesia shall take the following measures:
    - a. administrative checks of the completeness, truthfulness and reasonableness of the documents submitted by the Applicant; and
    - b. on site visits to the Applicant to verify the truthfulness and reasonableness of the submitted documents and to confirm operational readiness, if necessary.
  2. When an administrative check of documents and/or an on-site visit has been conducted as referred to in number 1, Bank Indonesia shall issue a response in the form of approval or rejection of the application, or request the Applicant to provide additional documents for the application.
  3. The response from Bank Indonesia as referred to in number 2 shall be conveyed in writing no later than 35 (thirty-five) working days commencing from receipt of the complete set of required documents.
  4. If Bank Indonesia approves the licence application, the licence shall be issued by means of delivered letter enclosing the licence document.

D. Report of Effective Date for Opening of Business

1. A Provider that has obtained a licence as referred to in item C.4 must open for business no later than 3 (three) months commencing from the issue date of the licence.
2. A Provider that has opened for business within the period referred to in number 1 must submit a written report to Bank Indonesia of the effective date for opening of business as Provider.
3. The report referred to in number 2 shall be submitted:
  - a. no later than 10 (ten) working days commencing from the effective date for opening of business as Provider; and
  - b. enclosing necessary supporting documents, such as signed agreement of cooperation, if any.
4. An applicant that has obtained a licence but not opened for business within the period referred to in number 1 must submit a written report to Bank Indonesia describing at least the following:
  - a. description of the readiness of infrastructure, including but not limited to operational readiness, readiness of the systems to be used in provision of Funds Transfer activities and readiness of planned cooperation with other Providers, if any; and
  - b. description of the impediments that have prevented opening for business in Funds Transfer activities.
5. The report referred to in number 4 shall be submitted no later than 10 (ten) working days commencing from the end of the period referred to in number 1.
6. If in the opinion of Bank Indonesia, based on the report referred to in number 4, structural problems exist that may render the Provider unable to open for business as Provider, Bank Indonesia reserves the right to cancel the licence for the Provider in question.

E. Listing in the Register of Providers and Publications

1. Bank Indonesia shall list the identity of a Provider that has provided notification of opening for business in Funds Transfer activities as referred to in items D.2 and D.3. in the register of Providers.

2. Bank Indonesia shall publish the register of Providers, including but not limited to on the Bank Indonesia website.

## II. PROVISION OF FUNDS TRANSFERS

### A. System Security Standards

Providers must have system security standards in the provision of Funds Transfer activities and management of operational risk undertaken with the use of proven technology, with scope that covers at least compliance with the following:

1. Information technology security systems must meet the following requirements:
  - a. any Provider who provides a system that may be used by other Providers shall comply with at least the following principles:
    - 1) confidentiality of data;
    - 2) system and data integrity;
    - 3) system and data authentication;
    - 4) non-repudiation of executed transactions; and/or
    - 5) system availability,implemented effectively and efficiently with attention to compliance with the prevailing regulations; or
  - b. a Provider that does not provide a system used by other Providers must at least ensure the security of the database and back-up.
2. System and/or procedures in place to provide assurance of the effectiveness of internal control;
3. System and/or procedures in place to provide assurance of the ability to conduct an audit trail of Funds Transfer transactions; and
4. System and/or procedures in place to provide assurance of continuity of the provision of Funds Transfer activities.

### B. Provision of Incoming/Outgoing International Funds Transfers

1. In the provision of incoming and/or outgoing international funds transfers, a Provider licensed by Bank Indonesia may cooperate only with providers approved by the relevant country authorities.
2. The Provider must submit written information to Bank Indonesia of the plan and outcome of cooperation as referred

to ...



to in number 1 in accordance with the procedure stipulated by Bank Indonesia concerning submission of Provider business plans.

3. In the event that Bank Indonesia has not stipulated a specific procedure for submission of Provider business plans as referred to in number 2, submission of information shall proceed in accordance with the following provisions:

- a. Information on the work plan shall be submitted:
  - 1) no later than 31 October, for plans for cooperation during the period of January to December of the subsequent year;
  - 2) encompassing at least:
    - a) names and addresses of the foreign providers;
    - b) approval from the country authorities;
    - c) scope of cooperation;
    - d) planned launching date for the cooperation; and
    - e) duration of cooperation;
  - 3) enclosing supporting documents that comprise at least:
    - a) draft business arrangements encompassing the stipulation of the rights and obligations of the parties, or draft agreement of cooperation; and
    - b) analysis of risk and mitigation of risks pertaining to implementation of the cooperation.
- b. Information concerning the outcome of cooperation shall be submitted:
  - 1) no later than:
    - a) 31 July for the outcome of cooperation implemented during the period of January to June in the same year; and
    - b) 31 January for the outcome of cooperation implemented during the period of July to December in the preceding year.
  - 2) encompassing at least:
    - a) names and addresses of the foreign providers;

b) launching ...

- b) launching date of the cooperation; and
      - c) other information, in the event of any changes in information conveyed in the work plan referred to in item a.2);
    - 3) enclosing supporting documents that comprise at least the main points of the business arrangements agreed by the parties, or a photocopy of the signed agreements of cooperation.
  - 4. Submission of information as referred to in number 2 may be undertaken concurrently with submission of information on the business plan for other payment system activities conducted by the Provider, if applicable.
  - 5. Bank Indonesia reserves the right to approve or reject and to stipulate and/or restrict Provider cooperation as referred to in number 2.
  - 6. Approval, rejection, stipulation and/or restriction of cooperation as referred to in number 5 shall be conveyed by Bank Indonesia to the Provider no later than 35 (thirty-five) working days commencing from the complete and correct submission of information by the Provider as referred to in number 2.
  - 7. Bank Indonesia reserves the right to establish maximum limits on nominal amounts of incoming and outgoing international Funds Transfers conducted by a Provider in the form of an Indonesia incorporated non-Bank enterprise.
  - 8. In providing incoming and/or outgoing international transfers, the Provider is required to comply with other relevant laws and legislative regulations, including but not limited to the Provider obligation to submit reports on incoming and outgoing international Funds Transfer transactions as stipulated and regulated by the Financial Transaction Reporting and Analysis Centre (PPATK).
- C. Cooperation among Providers in Indonesia
- 1. A Provider licensed by Bank Indonesia may cooperate only with other Providers licensed by Bank Indonesia for provision of Funds Transfer activities within the territory of the Unitary State of the Republic of Indonesia.

2. The Provider must submit written information to Bank Indonesia on plans and outcomes of cooperation as referred to in number 1 in accordance with the procedure stipulated by Bank Indonesia concerning submission of Provider business plans.
3. In the event that Bank Indonesia has not stipulated a specific procedure for submission of Provider business plans as referred to in number 2, submission of information shall proceed in accordance with the following provisions:
  - a. Information concerning the work plan shall be submitted:
    - 1) no later than 31 October, for plans for cooperation during the period of January to December in the subsequent year;
    - 2) encompassing at least:
      - a) names and addresses of Providers;
      - b) scope of cooperation;
      - c) planned launching date for the cooperation; and
      - d) duration of cooperation;
    - 3) enclosing supporting documents that comprise at least the following:
      - a) draft business arrangements, encompassing the stipulation of rights and obligations of the parties, or draft agreement of cooperation; and
      - b) risk analysis and risk mitigation pertaining to implementation of the cooperation.
  - b. Information on the outcome of the work plan shall be submitted:
    - 1) no later than:
      - a) 31 July for the outcome of cooperation implemented during the period of January to June in the same year; and
      - b) 31 January for the outcome of cooperation implemented during the period of July to December in the preceding year.
    - 2) encompassing at least:
      - a) names ...

- a) names and addresses of the foreign providers;
  - b) launching date of the cooperation; and
  - c) other information, in the event of any change in information conveyed in the work plan referred to in item a.2);
- 3) enclosing supporting documents that comprise at least the main points of the business arrangements agreed by the parties, or a photocopy of a signed agreement of cooperation.
4. Submission of information as referred to in number 2 may be undertaken in conjunction with the submission of information on the business plan for other payment system activities conducted by the Provider, if applicable.
5. Bank Indonesia reserves the right to approve or reject and to stipulated and/or restrict Provider cooperation as referred to in number 2.
6. Approval, rejection, stipulation and/or restriction of cooperation as referred to in number 4 shall be conveyed by Bank Indonesia to the Provider no later than 35 (thirty-five) working days commencing from the complete and correct submission of information by the Provider as referred to in number 2.

D. Opening Branch Offices

1. A Branch Office constitutes part of a Provider entity conducting Funds Transfer operations in the form of sending and/or receipt of Funds.
2. A Provider must submit written information to Bank Indonesia concerning plans and outcomes for opening of branch offices as referred to in number 1 in accordance with the procedure stipulated by Bank Indonesia for submission of Provider business plans.
3. In the event that Bank Indonesia has not stipulated a specific procedure for submission of Provider business plans as referred to in number 2, the submission of information shall proceed in accordance with the following provisions:
  - a. Information concerning plans for opening branch offices shall be submitted:

- 1) no later than 31 October, for plans for cooperation during the period of January to December in the subsequent year;
  - 2) encompassing at least:
    - a) names and/or addresses of the branch offices; and
    - b) scheduled date for opening of business at the branch offices.
  - 3) enclosing supporting documents that comprise at least a business analysis pertaining to the branch office opening.
- b. Information concerning branch offices opened for business shall be submitted:
  - 1) no later than:
    - a) 31 July for the outcome of cooperation implemented during the period of January to June in the same year; and
    - b) 31 January for the outcome of cooperation implemented during the period of July to December in the preceding year;
  - 2) encompassing at least:
    - a) names and/or addresses of branch offices; and
    - b) branch office opening dates;
  - 3) enclosing supporting documents that comprise at least evidence that the branch offices have opened.
4. Submission of information as referred to in number 2 may be undertaken in conjunction with the submission of information on the business plan for other payment system activities conducted by the Provider, if applicable.
5. Bank Indonesia reserves the right to approve or reject, whether in part or in whole, a plan for opening branch offices that is submitted by a Provider comprising an Indonesia incorporated non-Bank enterprise.
6. Approval, rejection, stipulation and/or restriction of cooperation as referred to in number 5 shall be conveyed by Bank Indonesia to the Provider no later than 35 (thirty-five) working days commencing from the complete and correct

submission ...

submission of information by the Provider as referred to in number 2.

E. Cooperation with Cash Points

1. A Cash Point (CP) is a party cooperating with a Provider in activities for encashment of the proceeds of Funds Transfers allocated in an Account on behalf of Beneficiaries, in the course of which no Acceptance is made on behalf of the Beneficiaries.
2. If a Provider cooperates with CPs, the obligations of the Provider include but are not limited to the following:
  - a. prescribe the general requirements for becoming a CP for the Provider;
  - b. apply the know your user principle to CPs in accordance with the provisions of laws and legislative regulations;
  - c. establish written policy and procedures concerning encashment of Funds comprising transfer proceeds by the CP, including restrictions on the value of Funds and frequency of encashment that may be undertaken through the CP; and
  - d. have a procedure in place for controlling the performance of Funds encashment activities undertaken by the CP, including a monitoring mechanism; and
  - e. bear responsibility for all activities conducted by the CP for encashment of Funds comprising proceeds of transfers, including responsibility for:
    - 1) provision of Funds at the time that the Beneficiary draws the funds; and
    - 2) delay, error and failure by the CP to conduct encashment of Funds.
3. Cooperation between a Provider and CPs must be based on a written agreement that sets forth at least the following:
  - a. the rights, obligations and responsibilities of each party;
  - b. mechanism or procedure for resolutions of issues or complaints from Beneficiaries;

c. mechanism ...

- c. mechanism or procedure for resolution of issues between the Provider and the CPs; and
  - d. provision stipulating payment of a fee or compensation to the CPs and prohibiting the CPs from charging Beneficiaries an additional fee, other than the fees prescribed by the Provider.
- 4. A Provider must submit written information to Bank Indonesia concerning the plan and outcome of cooperation with CPs in accordance with the procedure established by Bank Indonesia for submission of Provider business plans.
- 5. In the event that Bank Indonesia has not established a separate procedure for submission of Provider business plans as referred to in number 2, the information shall be submitted in accordance with the following provisions:
  - a. Information on the plan for cooperation shall be submitted:
    - 1) no later than 31 October, for plans for cooperation during the period of January to December in the subsequent year;
    - 2) encompassing at least:
      - a) names and/or addresses of the CPs; and
      - b) planned launching date of the cooperation.
    - 3) enclosing supporting documents that consist of at least the following:
      - a) general requirements for becoming a CP for the Provider;
      - b) written policy and procedures for conducting the encashment of Funds by CPs from proceeds of transfers, including restriction on the value of Funds and frequency of encashment that may be undertaken through a CP;
      - c) procedure for controlling the performance of Funds encashment activities undertaken by the CP, including a monitoring mechanism;
      - d) draft agreement of cooperation between the Provider and CPs; and

e) risk ...

- e) risk analysis and risk mitigation pertaining to implementation of the cooperation.

A Provider is not required to submit supporting documents as referred to in item 3)a) to item 3)c) if the Provider has previously submitted all of these documents to Bank Indonesia and no amendment has been made to these documents.

- b. information on the outcome of the cooperation shall be submitted:
    - 1) no later than:
      - a) 31 July for the outcome of cooperation implemented during the period of January to June in the same year; and
      - b) 31 January for the outcome of cooperation implemented during the period of July to December in the preceding year;
    - 2) encompassing at least:
      - a) names and/or addresses of the CPs; and
      - b) launching date of the cooperation;
    - 3) enclosing supporting documents that comprise at least a photocopy of the signed agreements of cooperation.
  - 6. Submission of information as referred to in number 4 may be undertaken in conjunction with the submission of information on the business plan for other payment system activities conducted by the Provider, if applicable.
  - 7. Bank Indonesia reserves the right to approve or reject and to stipulate and/or restrict the number of CPs that may cooperate with a Provider.
  - 8. Approval, rejection, stipulation and/or restriction of cooperation as referred to in number 7 shall be conveyed by Bank Indonesia to the Provider no later than 35 (thirty-five) working days commencing from the complete and correct submission of information by the Provider as referred to in number 4.
- F. Employment of Expatriates
- Employment of any expatriate by a Provider for provision of Funds Transfers shall proceed in accordance with the relevant



laws and legislative regulations, including but not limited to the laws and legislative regulations governing labour and employment.

### III. INTEREST OR COMPENSATION

#### A. Obligation to Pay Interest or Compensation

Providers are required to pay interest or compensation in the following events:

1. The Provider is late in execution of a Funds Transfer after taking Acceptance.
2. The Provider has made an error in execution of a Funds Transfer after taking Acceptance; or
3. The Provider fails to execute the Funds Transfer after taking Acceptance.

#### B. Calculation of Period

The period for payment of interest or compensation shall be calculated according to the following provisions:

1. calculated from the date of Acceptance to the date of execution of the Funds Transfer by the Provider, if the Provider is late in execution of a Funds Transfer as referred to in item A.1;
2. calculated from the date of Acceptance until the date of execution of the Funds Transfer, if the Provider has made an error in execution of the Funds Transfer as referred to in item A.2;
3. calculated from the date of Acceptance to the date at which the Provider returns the Funds, if the Provider has failed to execute the Funds Transfer as referred to in item A.3.

#### C. Amount of Interest or Compensation

The amount of interest or compensation to be paid by a Provider shall be calculated as follows:

1. In the event that the party entitled to interest or compensation is a party holding a deposit at the Provider:
  - a. Payment of interest or compensation in principle is a fulfilment of the rights of depositors.
  - b. Payment of interest or compensation shall be calculated on the basis of the following formula:

Funds ...

*Funds Amount x Number of Days x Interest Rate on Customer Deposits x 1/365*

The intended meaning of interest rate on customer deposits is the prevailing annual interest rate on deposits at the Provider for the depositor concerned.

- c. In the specific case of a Provider conducting business in deposits based on sharia principles, the calculation referred to in letter b shall be made on the basis of the profit sharing principle.
- d. If a deposit does not provide benefit/return in the form of interest/profit sharing, or the rate of benefit/return is 0% (zero percent), the calculation of interest or compensation shall be made in accordance with the calculation for a party not holding a deposit as referred to in number 2.

The intended meaning of deposit is deposit in accordance with the provisions of laws and legislative regulations, including but not limited to the laws concerning the banking system, cooperatives or the postal system.

2. In the event that the party entitled to interest or compensation is a party that does not hold a deposit at the Provider:
  - a. payment of interest or compensation constitutes in principle a penalty for the Provider for failure to discharge obligations under the provisions of laws and legislative regulations;
  - b. Payment of interest or compensation shall be calculated on the basis of the following formula:

*Funds Amount x Number of Days x JIBOR Overnight Rate x 1/365*

Information on the Jakarta Interbank Offered Rate (JIBOR) may be obtained from the Bank Indonesia website.

For sample calculations of interest or compensation, refer to sample 3 in the Annex that constitutes an integral part of this Circular Letter of Bank Indonesia.

D. Regulation of Obligation for Payment of Interest or Compensation under Certain Conditions

The provisions concerning the obligation for payment, calculation of period and/or amount of interest or compensation as referred to in letter A, letter B and/or letter C shall not apply in the event of a special regulation of this matter in a certain Funds Transfer system, or in an emergency as stipulated in the Bank Indonesia regulations.

Examples of provisions stipulating special regulation of the obligation for payment, calculation of period and/or amount of interest or compensation are the Bank Indonesia regulations concerning the BI-RTGS System or the Bank Indonesia National Clearing System (SKNBI).

IV. REPORTS FOR PROVISION OF FUNDS TRANSFER ACTIVITIES

A. Reports by Providers Comprising Banks

Banks are required to submit reports to Bank Indonesia concerning the provision of Funds Transfer activities as follows:

1. Periodic Reports

a. Periodic reports are reports that must be submitted by the Provider to Bank Indonesia in a complete, truthful, accurate and timely manner, encompassing:

- 1) Monthly transaction reports for Funds Transfer activities conducted with the use of systems or facilities other than the systems provided by Bank Indonesia, set out in a format as referred to in sample 4 in the Annex comprising an integral part of this Circular Letter of Bank Indonesia.

Examples of systems provided by Bank Indonesia are the BI-RTGS System and the Bank Indonesia National Clearing System (SKNBI).

- 2) Monthly report of fraud in Funds Transfer activities, encompassing at least information on the nature of the fraud and extent of losses, both actual losses and potential losses, resulting from the fraud.

- 3) Report of customer complaints in provision of Funds Transfer activities.

b. The ...

- b. The reports referred to in item a.1) and item a.2) shall be submitted manually no later than the 15th day of the subsequent month, while the reports referred to in item a.3 shall be submitted online in accordance with the regulations concerning reports for head offices of commercial banks or reports for rural banks.
  - 2. Incidental Reports
    - a. Incidental reports are written reports that must be duly submitted by a Provider to Bank Indonesia, whether at the request of Bank Indonesia or at the initiative of the Provider. The scope of these reports includes but is not limited to reports of incidents disrupting the provision of Funds Transfer activities by the Provider, such as fire in a building, system failure and network failure.
    - b. Incidental reports as referred to in letter a shall be submitted at the earliest opportunity by telephone or fax, followed by a written report to be submitted no later than 3 (three) working days after the event.
  - 3. Other Reports
    - a. Besides the periodic reports and incidental reports referred to in number 1 and number 2, Bank Indonesia may request other reports pertaining to the provision of Funds Transfer activities conducted by the Provider as may be necessary.
    - b. Other reports as referred to in letter a shall be submitted by the Provider in accordance with the deadline set forth in the written request from Bank Indonesia.
- B. Reports by Providers Comprising Indonesia Incorporated Non-Bank Enterprises

Indonesia incorporated Non-Bank enterprises are required to submit reports to Bank Indonesia concerning the provision of Funds Transfer activities as follows:

  - 1. Periodic Reports
    - a. Periodic reports are reports that must be submitted by the Provider to Bank Indonesia in a complete, truthful, accurate and timely manner, encompassing:

- 1) Monthly transaction reports for Funds Transfer activities, set out in a format as referred to in sample 5 in the Annex comprising an integral part of this Circular Letter of Bank Indonesia.

Examples of systems provided by Bank Indonesia are the BI-RTGS System and the Bank Indonesia National Clearing System (SKNBI).

- 2) Monthly report of fraud in Funds Transfer activities, encompassing at least information on the nature of fraud and extent of losses, both actual losses and potential losses, resulting from the fraud.
  - 3) Report of customer complaints in provision of Funds Transfer activities, covering at least information on the nature of customer complaints and time taken for resolution of these complaints.
- b. The reports referred to in item a.1) and item a.2) shall be submitted manually no later than the 15th day of the subsequent month, while the reports referred to in item a.3) shall be submitted manually on the 15th day of the subsequent month after the end of the report period.

## 2. Incidental Reports

- a. Incidental reports are written reports that must be duly submitted by a Provider to Bank Indonesia, whether at the request of Bank Indonesia or at the initiative of the Provider itself. The scope of these reports includes but is not limited to reports of incidents disrupting the provision of Funds Transfer activities by the Provider, such as building fires, system failure and network failure.
- b. Incident reports as referred to in letter a shall be submitted at the earliest opportunity by telephone or facsimile, followed by a written report submitted no later than 3 (three) working days after the event.

## 3. Notification of Change in Licensing Documents

Notification of change in licensing documents comprises a written notification that must be furnished by a Provider

licensed by Bank Indonesia in the event of a fundamental change pertaining to documents or information submitted to Bank Indonesia during the licensing process, the scope of which includes but is not limited to:

- a. Notification of amendment to the articles of association, subject to the following provisions:
    - 1) the notification shall enclose a document substantiating the amendment to the articles of association, which may comprise a photocopy of the deed of amendment of the articles of association of the Provider approved by or reported to the Ministry of Law and Human Rights;
    - 2) in the event of amendment to the articles of association by reason of change in management, Bank Indonesia reserves the right to conduct the fit and proper test, including but not limited to interviews of the new board of directors and/or board of commissioners or supervisors;
    - 3) in the event of amendment to the articles of association by reason of change in the board of directors of the Provider, the new Directors must furnish personal statements as referred to item I.B.1.a.4).
  - b. Notification of amendments to written policy and standard operating procedures for Funds Transfer activities, or monitoring of Funds sent and/or received.
4. Notification of Takeover
- a. Takeover is a legal act by a legal entity or natural person for takeover of the shares in a Provider resulting in the transfer of control of that Provider, as defined in the prevailing laws and legislative regulations for the Provider concerned.
  - b. In the event of a takeover by a Provider in the form of an Indonesia incorporated non-Bank enterprise, the following provisions shall apply:
    - 1) The Provider to be taken over must notify Bank Indonesia of the takeover plan.

- 2) Notification of the takeover plan must include information covering at least the background to the takeover, the party intending to conduct the takeover, the targeted time frame for completing the takeover, the composition of controlling owners and/or shareholders after execution of the takeover and the business plan after execution of the takeover, specifically pertaining to the provision of Funds Transfer activities, such as planned change of name, change in organisational structure or change in systems used.
- 3) The notification must be conveyed concurrently with submission of the application for approval of the takeover plan to the competent authority for supervision of the Provider, if any.
- 4) The notification must enclose documents including but not limited to the post-takeover business plan, including:
  - a) plan for system use;
  - b) plan for system development;
  - c) readiness of infrastructure; and
  - d) report of the information technology audit by an independent auditor, in the case of expansion of the existing system.

5. Other Reports

- a. Other than periodic reports, incidental reports, notification of amendments to licensing documents and notification of takeover as referred to in the above number 1 to number 4, Bank Indonesia may request other reports pertaining to the provision of Funds Transfer activities by a Provider, if necessary.
- b. Other reports and notifications as referred to in letter a shall be submitted by the Provider in accordance with the prescribed deadline in the written request from Bank Indonesia.

V. REQUIREMENTS AND PROCEDURE FOR LICENSING AND SUBMISSION OF REPORTS FOR THE PURPOSE OF TRANSFER OF LICENSES BY MEANS OF CONSOLIDATION, MERGER OR DIVISION, FOR INDONESIA INCORPORATED NON-BANK ENTERPRISES

A. Consolidation

Consolidation is a legal act undertaken by a one or more legal entities with the intention to consolidate themselves with another existing legal entity, resulting in the transfer by virtue of law of the assets, liabilities and equity of the consolidating legal entity or entities to the legal entity accepting the consolidation, after which the status of the consolidating legal entities is terminated by virtue of law. In the case of a Provider that has been licensed as Provider by Bank Indonesia intending to consolidate with a Provider that has or has not been licensed as Provider by Bank Indonesia, the following provisions shall apply:

1. if the legal entity resulting from the consolidation is a Provider in the form of an Indonesia incorporated non-Bank enterprise that holds a licence, the Provider must notify Bank Indonesia in writing of the plan to continue Funds Transfer activities; or
2. if the legal entity resulting from the consolidation is a Provider in the form of an Indonesia incorporated non-Bank enterprise that has not obtained a licence as Provider, the Indonesia incorporated non-Bank enterprise that results from the consolidation must first obtain a licence from Bank Indonesia to be able to continue Funds Transfer activities.

B. Merger

Merger is a legal act undertaken by two or more legal entities with the intention to merge by establishing a new legal entity that by virtue of law acquires the assets, liabilities and equity of the merging legal entities and in which the legal status of the merging legal entities is terminated by virtue of law. In the event of a merger involving a Provider comprising an Indonesia incorporated non-Bank enterprise, the Indonesia incorporated non-Bank enterprise resulting from the merger must obtain a licence from Bank Indonesia prior to continuing Funds Transfer activities.



C. Division

1. Division is a legal act undertaken by a legal entity in order to divide its business, resulting in:
  - a. all assets, liabilities and equity of the legal entity are transferred by virtue of law to 2 (two) or more legal entities accepting the transfer and the Indonesian legal entity conducting the division is then terminated by virtue of law (split-up);
  - b. part of the assets, liabilities and equity of the legal entity transferred by virtue of law to 1 (one) or more legal entities accepting the transfer and the legal entity undertaking the division retains its existence (spin-off);
2. If a Provider in the form of an Indonesia incorporated non-Bank enterprise undertakes a split-up as referred to in item 1.a:
  - a. the Provider must notify Bank Indonesia in writing of the plan to proceed with the split-up; and
  - b. if an Indonesia incorporated non-Bank enterprise resulting from a split-up intends to continue the provision of Funds Transfer activities, the Indonesia incorporated non-Bank enterprise must first obtain a licence as Provider from Bank Indonesia.
3. If a Provider in the form of an Indonesia incorporated non-Bank enterprise undertakes a spin-off:
  - a. the licence as Provider shall remain with the Indonesia incorporated non-Bank enterprise undertaking the spin-off and this Indonesia incorporated non-Bank enterprise must notify Bank Indonesia in writing of the plan to continue Funds Transfer activities; and
  - b. if an Indonesia incorporated non-Bank enterprise resulting from the spin-off intends to provide Funds Transfer activities, the Indonesia incorporated non-Bank enterprise must first obtain a licence as Provider from Bank Indonesia

D. Notifications in Relation to Events of Consolidation or Division

The notifications referred to in item A.1, item C.2.a and item C.3.a shall be conveyed to Bank Indonesia as follows:

1. The notification must be made no later than in conjunction

with ...

with submission of the application for approval of the plan for consolidation or division to the competent supervisory authority for the Indonesia incorporated non-Bank enterprise, if any.

2. A notification referred to in number 1 must enclose documents including but not limited to the post-consolidation or post-division business plan, including a plan for system use and system development, report of infrastructure readiness and report of the information technology audit by an independent internal or external auditor in the event of any expansion and/or combining of existing systems.

E. Application and Processing of Licences in Relation to Events of Consolidation, Merger or Division

Licence applications as referred to in item A.2, letter B, item C.2.b and item C.3.b shall be submitted to Bank Indonesia as follows:

1. The application for licensing must be submitted concurrently with the submission of the application for approval of the plan for consolidation, merger or division to the competent supervisory authority for the Indonesia incorporated non-Bank enterprise, if any.
2. The procedure for submission of applications and processing of licences shall operate in accordance with the provisions for licensing procedures and processes as referred to in Chapter I of this Circular Letter.

VI. TERMINATION OF FUNDS TRANSFER ACTIVITIES AND REMOVAL OF OPERATORS FROM THE LIST OF OPERATORS

1. Funds Transfer activities may be terminated on the basis of a written request from the Provider or on the basis of a decision by Bank Indonesia. Activities as Provider shall be terminated by revocation of the licence for Funds Transfer activities previously issued by Bank Indonesia.
2. Termination of Funds Transfer activities at the request of the Provider as referred to in number 1 shall proceed according to the following provisions:
  - a. the Provider shall notify Bank Indonesia in writing of the

plan ...

- plan to terminate provision of Funds Transfer activities no later than 30 (thirty) working days before the Provider terminates its activities;
- b. closing of business shall be reported in writing to Bank Indonesia no later than 10 (ten) working days commencing from the date of closing of business, enclosing:
    - 1) documents concerning settlement of rights and obligations towards Senders and/or Beneficiaries; and
    - 2) personal statements by the management and/or owners, declaring that all claims arising after termination of Funds Transfer activities shall constitute the full responsibility of the management and/or owners.
3. Funds Transfer activities shall be terminated by Bank Indonesia as referred to in number 1 in the following events:
- a. a court decision with permanent legal force, ordering a non-Bank enterprise conducting activities as Funds Transfer Provider to terminate its activities;
  - b. a recommendation from a competent supervisory authority to Bank Indonesia, including but not limited to a recommendation concerning deterioration in financial condition and/or weak risk management of a non-Bank enterprise;
  - c. the competent supervisory has revoked the business licence and/or terminated the business of a non-Bank enterprise conducting Funds Transfer activities;
  - d. a written request or recommendation from a competent supervisory authority to Bank Indonesia for suspension of Funds Transfer activities;
  - e. a request for cancellation submitted on its own behalf by an Indonesia incorporated non-Bank enterprise that has been licensed by Bank Indonesia.

Deteriorating financial condition as referred to in letter b may be reflected in matters including but not limited to the absence of Funds Transfer transactions conducted through the Provider over a specified period.

4. Information on termination of Funds Transfer activities and/or revocation by Bank Indonesia of licence as Provider shall be posted on the Bank Indonesia website.

## VII. MISCELLANEOUS PROVISIONS

### A. Procedure for Imposition of Administrative Sanctions

In the event that Bank Indonesia imposes administrative sanctions on a Provider in the form of a financial penalty, the sanctions shall be enforced by:

1. debiting the account of the Provider at Bank Indonesia, if the Provider holds an account at Bank Indonesia; or
2. payment into a designated Bank Indonesia account, if the Provider does not hold an account at Bank Indonesia.

### B. Addresses for Licence Applications, Notifications and Reports

Submission of licence applications, notifications and reports, including correspondence with Bank Indonesia for the purposes of provision of Funds Transfer activities, shall be conducted as follows:

1. For Applicants or Providers having their head office or domiciled in the territory of the Jakarta Capital Region, Bekasi District/Municipality, Bogor District/Municipality, Karawang District and Depok Municipality, to be submitted to:
  - a. Directorate of Accounting and the Payment System, address Bank Indonesia Office Complex, Building D, 2nd Floor, Jalan M.H. Thamrin No. 2, Jakarta 10350, for applications submitted before 1 July 2013; and
  - b. Directorate of Payment System Policy and Supervision, address Bank Indonesia Office Complex, Building D, 4th Floor, Jalan M.H. Thamrin No. 2, Jakarta 10350, for applications submitted on 1 July 2013 and thereafter.
2. For Applicants or Providers having their head office or domiciled outside the territory referred to in number 1, these submissions shall be made to the local area Domestic Bank Indonesia Representative Office.

Change of address for correspondence and communications shall be notified by letter and/or other media.

C. Online Submission of Reports

In the event that Bank Indonesia has instituted a system for online submission of reports on the provision of Funds Transfer activities as referred to in Chapter IV, the submission of these reports shall be conducted in accordance with the procedure in the Bank Indonesia regulations governing the system for online submission of these reports.

D. Display of Licence Document and Licence Number by Providers Incorporated as Non-Bank Enterprises

1. Any Provider that has effectively opened for business is required to display a licence document in the place of business concerned, that is to say in a conspicuous location where it is easily read by service users. A photocopy of the licence document shall also be displayed in each branch office of the Provider.
2. In the event that a Provider installs a signboard for Funds Transfer activities conducted on the basis of a licence from Bank Indonesia, the signboard shall bear the number of the licence obtained from Bank Indonesia.

VIII. TRANSITIONAL PROVISIONS

1. Any Indonesia incorporated enterprise already operating in Funds Transfer activities and licensed by Bank Indonesia as a Remittances Provider as referred to in Circular Letter of Bank Indonesia Number 10/49/DASP dated 24 December 2008 concerning Licensing of Remittance Business for Natural Persons and Non-Bank Enterprises must comply with and/or come into conformity with the requirements for a Provider as referred to in item 1.B.1.a.4), 1.B.1.a.5), 1.B.1.a.6), 1.B.1.b.1).c), 1.B.1.b.2), 1.B.1.b.5), 1.B.1.b.8) and 1.B.1.c no later than 2 (two) years after this Circular Letter of Bank Indonesia enters into force.
2. Any valid licence document for a Remittances Provider issued by Bank Indonesia prior to the entry into force of this Circular Letter of Bank Indonesia shall remain valid and shall be recognised as a licence document for a Provider as referred to in this Circular Letter of Bank Indonesia.
3. Any Indonesia incorporated enterprise that applied for a licence prior to the entry into force of this Circular Letter of Bank Indonesia but has not received a licence from Bank Indonesia as

Provider ...

Provider of Remittances or Funds Transfers must comply with and/or bring itself into conformity with the requirements to become a Provider in accordance with item 1.B of this Circular Letter of Bank Indonesia.

4. No later than 31 October 2013, Providers are required to furnish information concerning:
  - a. provision of incoming and/or outgoing international Funds Transfers as referred to in item II.B;
  - b. cooperation among Providers in Indonesia as referred to in item II.C;
  - c. opening of branch offices as referred to in item II.D; and
  - d. cooperation with CPs as referred to in item II.E;undertaken prior to the entry into force of this Circular Letter of Bank Indonesia and that will be undertaken in 2013.

#### IX. CONCLUDING PROVISIONS

Upon the entry into force of this Circular Letter, Circular Letter Number 10/49/DASP dated 24 December 2008 concerning Licensing of Remittance Businesses for Natural Persons and Non-Bank Enterprises shall be revoked and declared no longer valid.

This Circular Letter of Bank Indonesia shall enter into force on the date of its enactment.

For the public to be informed, it is ordered that this Circular Letter of Bank Indonesia be promulgated in the State Gazette of the Republic of Indonesia.

Kindly be informed.

BANK INDONESIA,

(signed)

ROSMAYA HADI  
HEAD OF THE PAYMENT SYSTEM  
DEVELOPMENT AND POLICY GROUP

ANNEX

CIRCULAR LETTER OF BANK INDONESIA

NUMBER 15/23/DASP DATED 27 JUNE 2013

CONCERNING

PROVISION OF FUNDS TRANSFERS

- Sample 1 : Personal Statement of Integrity for Board of Directors, Commissioners or Supervisors
- Sample 2 : Statement Concerning Security and Reliability of System or Mechanism for Provision of Funds Transfers
- Sample 3 : Calculation of Interest or Compensation
- Sample 4 : Monthly Transaction Report for Funds Transfers by Bank Using System or Facilities Other Than Systems Provided by Bank Indonesia
- Sample 5 : Monthly Transaction Report for Funds Transfer Activities

**SAMPLE 1**  
**PERSONAL STATEMENT OF INTEGRITY FOR BOARD OF DIRECTORS,**  
**COMMISSIONERS OR SUPERVISORS**

**PERSONAL STATEMENT**

I, the undersigned:

Name : .....  
Identity Number : .....  
Place and date of birth : .....  
Address : .....

In this matter acting in my position as **[member of the Board of Directors/Executive Board or Commissioner/Supervisor] [Name of Applicant]**, to hereby declare that:

1. I have never been declared bankrupt nor become a member of the Board of Directors/Executive Board or Board of Commissioners/Supervisors found at fault for causing a business entity to be declared bankrupt within the last 5 (five) years preceding submission of the application;
2. I have never been convicted of a felony in banking, finance and/or money laundering pursuant to a court decision with permanent legal force;
3. I am not listed in the list of bad debts at the time of submission of the application;
4. I am not listed in the national black list of persons fraudulently issuing cheques/non-negotiable payment orders (*bilyet giro*) administered by Bank Indonesia at the time of submission of the application
5. I am of good character and possess sound moral principles, demonstrated among others by a personal stance of complying with the prevailing regulations;
6. I am committed to complying with the prevailing laws and legislative regulations; and
7. I am committed to developing the provision of Funds Transfer activities conducted by **[Name of Applicant]**.

In witness whereof, I declare the foregoing in sincere knowledge and belief and I am willing to accept and comply with all actions and/or all decisions taken by



Bank Indonesia, including but not limited to a request for my resignation,  
should at any time in the future this statement is found to be false.

**[City], [Day/Month/Year]**

Declared by,

REVENUE STAMP

Rp 6,000

**[Full Name]**

**SAMPLE 2**  
**STATEMENT CONCERNING SECURITY AND RELIABILITY OF SYSTEM OR**  
**MECHANISM FOR PROVISION OF FUNDS TRANSFERS**

**STATEMENT**

We the undersigned,\*

No.	Name	Position
1.	...	
2.	...	
3.	etc.	

of **[Name of Applicant]** do hereby declare that the system or mechanism used by our company for provision of Funds Transfers complies with security and reliability requirements in regard to:

1. Software, encompassing:
  - a. the database, including but not limited to database design, database configuration, administration and monitoring of the database.
  - b. operating systems
  - c. packaged software/developed applications, including but not limited to system development and testing, control and maintenance of changes and administration of applications (including application security and configuration).
2. Hardware
3. Infrastructure support, including but not limited to networking and infrastructure security.
4. Information security, including but not limited to access management system, audit trail, system interface\* and reporting.
5. Business continuity planning, including but not limited to data backup and recovery, procedures for business continuity planning and disaster recovery planning.
6. Vendor relations\*, including but not limited to contracts with providers of outsourced services and service level agreements (SLA).

In witness whereof, this declaration is made in sincere knowledge and belief, and we are willing to be prosecuted in court and to accept and comply with all actions and/or decisions taken by Bank Indonesia, including but not limited to any request for our resignation, if at any time in the future this statement is found to be false.

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\* To be completed by all members of the Board of Directors/Executive Board and Board of Commissioners/Supervisors.

**[City], [Day/Month/Year]**

Declared by,

REVENUE STAMP

Rp 6,000

**1. [Full Name]**

**2. [Full Name]**

**3. [Full Name]**

### **SAMPLE 3**

#### **CALCULATION OF INTEREST OR COMPENSATION**

- A. Sample calculation of interest or compensation in the event of delay by a Provider in executing a Funds Transfer after taking Acceptance

On 1 May 2013, the Originator presented a Funds Transfer Order to the Provider for sending of Funds in the amount of Rp 10,000,000.00 (ten million rupiahs). The Provider took Acceptance on the same day, but executed the Funds Transfer Order only on 3 May 2013. Under these conditions, the Provider has an obligation to pay interest or compensation calculated as follows:

1. If the Originator holds a deposit with the Provider earning interest at a rate of 4% (four percent) per annum, the amount of interest or compensation payable by the Provider is:

$$\text{Rp } 10,000,000.00 \times 2 \text{ days} \times 4\% \times 1/365 = \text{Rp } 2,191.78$$

2. If the Originator does not hold a deposit with the Provider, and the overnight JIBOR interest rate is 4.2% (four point two percent), the amount of interest or compensation payable by the Provider is:

$$\text{Rp } 10,000,000.00 \times 2 \text{ days} \times 4.2\% \times 1/365 = \text{Rp } 2,301.37$$

- B. Sample calculation of interest or compensation in the event of an error by Provider in executing a Funds Transfer after taking Acceptance

On 6 May 2013, a Beneficiary Provider takes Acceptance of a Funds Transfer Order to convey Funds in the amount of Rp 15,000,000.00 (fifteen million rupiahs) to PT. XYZ, the Beneficiary. The Beneficiary Provider committed an error by conveying the Funds to another party, in this case PT. ABC. The Beneficiary Provider then corrected the error by delivering Funds in the amount of Rp 15,000,000.00 (fifteen million rupiahs) to PT. XYZ on 8 May 2013. Under these conditions, the Provider has an obligation to pay interest or compensation calculated as follows:

1. If the Beneficiary holds a deposit with the Provider earning interest a rate of 5% (five percent) per annum, the amount of interest or compensation payable by the Provider is:

$$\text{Rp } 15,000,000.00 \times 2 \text{ days} \times 5\% \times 1/365 = \text{Rp } 4,109.59$$

2. If the Beneficiary does not hold a deposit with the Provider, and the overnight JIBOR interest rate is 4.2% (four point two percent), the amount of interest payable by the Provider is:

$$\text{Rp } 15,000,000.00 \times 2 \text{ days} \times 4.2\% \times 1/365 = \text{Rp } 3,452.05$$

C. Sample calculation of interest or compensation if a Provider fails to execute a Funds Transfer after taking Acceptance

On 13 May 2013, the Originator presented a Funds Transfer Order to the Provider for sending of Funds in the amount of Rp 20,000,000.00 (twenty million rupiahs). The Provider took Acceptance on the same day, but did not execute the Funds Transfer Order until the Originator presented a cancellation and order for return of the Funds on 16 May 2013. Under these conditions, the Provider has an obligation to pay interest or compensation calculated as follows:

1. If the Originator holds a deposit with the Provider earning interest at a rate of 4% (four percent) per annum, the amount of interest or compensation payable by the Provider is:

$$\text{Rp } 20,000,000.00 \times 3 \text{ days} \times 4\% \times 1/365 = \text{Rp } 6,575.34$$

2. If the Originator does not hold a deposit with the Provider, and the overnight JIBOR interest rate is 4.2% (four point two percent), the amount of interest or compensation payable by the Provider is:

$$\text{Rp } 20,000,000.00 \times 3 \text{ days} \times 4.2\% \times 1/365 = \text{Rp } 6,904.11$$

## **SAMPLE 4**

### **MONTHLY TRANSACTION REPORT FOR FUNDS TRANSFERS BY BANK USING SYSTEM OR FACILITIES OTHER THAN SYSTEMS PROVIDED BY BANK INDONESIA**

#### **FUNDS TRANSFER ACTIVITY REPORT**

<b>No.</b>	<b>Via/facility*</b>	<b>Incoming**</b>		<b>Outgoing***</b>	
		<b>Volume</b>	<b>Value (Rp)</b>	<b>Volume</b>	<b>Value (Rp)</b>
1	...				
2	...				
3	etc.				

\* Fill in the name of the service, network, other Provider and/or other supplier of systems or facilities used by the Bank to conduct Funds Transfer activities, e.g. the name of the Funds Transfer service provided by the bank itself, the name of the provider of interbank Funds Transfer services, the name of the Provider supplying the Funds Transfer system working with the Bank or provider of financial message transmission services.

\*\* Incoming refers to Funds Transfers coming into the Bank.

\*\*\* Outgoing refers to Funds Transfers going out of the Bank.

## SAMPLE 5

### MONTHLY TRANSACTION REPORT FOR FUNDS TRANSFER ACTIVITIES\*

A. Funds Transfer Transactions from Indonesia to Abroad

Name of Provider: \_\_\_\_\_

Reporting Month: \_\_\_\_\_

No.	Originating City/District	Country of Destination	Beneficiary Name	Sender Name	Sending Frequency	Total Value

B. Funds Transfer Transactions Entering Indonesia from Abroad

Name of Provider: \_\_\_\_\_

Reporting Month: \_\_\_\_\_

No.	Country of Origin	Destination City/District	Sender Name	Beneficiary Name	Sending Frequency	Total Value

C. Funds Transfer Transactions within the Territory of the Republic of Indonesia

Name of Provider: \_\_\_\_\_

Reporting Month: \_\_\_\_\_

No.	Originating City/District	Destination City/District	Sender Name	Beneficiary Name	Sending Frequency	Total Value

\* To be submitted manually by a non-Bank Provider if the monthly transaction report for Funds Transfer activities has not been introduced online.

HEAD OF THE PAYMENT SYSTEM  
DEVELOPMENT AND POLICY GROUP

(signed)

ROSMAYA HADI

## **FREQUENTLY ASKED QUESTIONS**

### **CIRCULAR LETTER OF BANK INDONESIA NUMBER 15/23/DASP DATED 27 JUNE 2013 CONCERNING PROVISION OF FUNDS TRANSFERS**

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**1. Who is required to comply with this Circular Letter of Bank Indonesia?**

In principle, all Providers of Funds Transfers are required to comply with this Circular Letter of Bank Indonesia, except in the case of a specific regulation or exception. An example of this exception is that the requirement to obtain a licence as Funds Transfer Provider from Bank Indonesia does not apply to banks.

**2. How does an Indonesia incorporated non-Bank enterprise obtain a licence as Funds Transfer Provider?**

- a. Submit an application in writing for licence as Provider to Bank Indonesia.
- b. Comply with the requirements for a Provider, including but not limited to:
  - 1) Documents pertaining to incorporation and financial condition;
  - 2) Documents pertaining to operational readiness; and
  - 3) The requirement for the Board of Directors and the Board of Commissioners or Supervisors to possess high integrity.

**3. What are the stages in the licensing process for a Provider?**

With regard to the documents submitted as part of a licence application, Bank Indonesia shall take actions that include but are not limited to the following:

- a. Conduct administrative checks of the completeness, truthfulness and reasonableness of the documents;
- b. Conduct an on-site visit to the Applicant to verify the truthfulness and reasonableness of the submitted documents;
- c. Once the administrative checks and on-site visit have been made, Bank Indonesia shall issue a written response to the Application within a period not exceeding 35 (thirty-five) working days commencing from the receipt of the complete set of required documents.

**4. What policies and procedures must be applied in the provision of funds transfer activities?**

In providing funds transfers, it is necessary to comply with regulations encompassing at least the following:

- a. any Provider providing a system that may be used by other Providers must comply with the principles of confidentiality of data, integrity of system and data authentication and non-repudiation of executed transactions.



- b. Providers not providing a system must ensure the security of the database and back-up.
- c. Providers are required to provide a system and/or procedures that can provide assurance of effective internal control and an audit trail, as well as ensure the continuity of Funds Transfer provision.
- d. Provision of incoming and/or outgoing international Funds Transfers may be undertaken only in cooperation with providers approved by the country authorities.
- e. Providers licensed by Bank Indonesia may enter into cooperation only on a domestic level with other Providers licensed by Bank Indonesia.
- f. Any Provider cooperating with Cash Points (CPs) must furnish written information on the plan and outcome of its cooperation with CPs.

**5. What is a Cash Point (CP)?**

A Cash Point (CP) is a party, whether natural person or entity, cooperating with a Provider in provision of cash from transfer proceeds allocated in an Account in favour of the Beneficiaries. In this case, CPs are not Providers as defined by the Funds Transfer regulations because CPs do not undertake Acceptance activities. In a Funds Transfer mechanism that involves CPs, the Beneficiary Provider first undertakes Acceptance for conveying Funds to the Beneficiary by allocating or crediting Funds in the Beneficiary Account at the Beneficiary Provider. CPs do not need to obtain a licence from Bank Indonesia for operating as Provider, but must be reported by the Provider with which they cooperate.

**6. What if anything must be done by a Provider in regard to the entry into force of this Circular Letter of Bank Indonesia?**

The tasks required of Providers are as follows:

- a. submit information no later than 31 October 2013 about cooperation with foreign providers, cooperation with providers in Indonesia, opening of branch offices and cooperation with CPs, whether undertaken before the entry into force of this Circular Letter of Bank Indonesia or to be undertaken in 2013; and
- b. for Providers that comprise Indonesia incorporated non-bank enterprises, to comply with the requirements stipulated in this Circular Letter of Bank Indonesia, including but not limited to personal statements of the directors/commissioners, proof of payment of capital, documents explaining the financial condition and application of consumer protection principles no later than 2 (two) years after the entry into force of this Circular Letter of Bank Indonesia.

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### **Summary of Bank Indonesia Laws and Legislative Regulations**

**Regulation** : Circular Letter of Bank Indonesia Number 15/23/DASP dated 27 June 2013 concerning Provision of Funds Transfers

**Entry into force** : June 2013

**Summary** :

1. This Circular Letter of Bank Indonesia comprises a regulation for implementation of Bank Indonesia Regulation No. 14/23/PBI/2012 concerning Funds Transfers (State Gazette of the Republic of Indonesia No. 283 of 2012, Supplement to the State Gazette Number 5381).
2. This Circular Letter of Bank Indonesia sets forth provisions about matters including but not limited to:
  - a. procedure and process for licensing non-bank business entities incorporated in Indonesia;
  - b. provision of funds transfer activities, encompassing the regulation of cooperation with foreign providers and cooperation with domestic providers;
  - c. calculation of interest or compensation;
  - d. submission of reports concerning provision of funds transfer activities;
  - e. licensing-related requirements and procedures in the events of consolidation, takeover or division; and
  - f. other provisions stipulating the procedure for imposition of administrative sanctions, addresses for submission of licence applications, notifications and reports, online reporting and posting of the licence document and number of the licence as provider of funds transfers.
3. The procedure and process for obtaining a licence as Provider encompasses at least the following:
  - a. Submission of a written application for licence as Provider to Bank Indonesia;
  - b. Compliance with the requirements for a Provider, including but not limited to:
    - 1) documents pertaining to incorporation and financial condition;
    - 2) documents pertaining to operational readiness; and
    - 3) requirement for the Board of Directors and Board of Commissioners or Supervisors of the Applicant to possess high integrity;
  - c. Processing of the licence application by Bank Indonesia, encompassing:
    - 1) administrative checks of the completeness, truthfulness and reasonableness of the documents;
    - 2) on site visit to the Applicant to conduct verification;
    - 3) once the administrative checks and on site visit have been made, Bank Indonesia will issue a written response to the Applicant.
  - d. Notification of the effective date of opening for business by a Provider that has obtained approval from Bank Indonesia;
  - e. Listing of identities of Providers licensed by Bank Indonesia in the register of providers and in publications.
4. A Funds Transfer provider intending to cooperate with a foreign provider, another domestic provider, open a branch office or cooperate with Cash Points is required to furnish information to Bank Indonesia about the plan and outcomes of these activities.
5. A Funds Transfer provider has the obligation to pay interest and/or compensation in the following events:
  - a. the Provider is late in execution of a Funds Transfer after having taken Acceptance; or

- b. the Provider makes an error in execution of a Funds transfer after having undertaken Acceptance; or
- c. the Provider fails to execute a Funds Transfer after having undertaken Acceptance.

Calculation of interest or compensation shall be based on whether the party entitled to this interest or compensation holds a deposit with the Provider.

- 6. Providers are required to submit the following reports and notifications to Bank Indonesia:
  - a. Reports and notifications to be submitted by Indonesia incorporated non-Bank enterprises:
    - 1) Periodic reports;
    - 2) Incidental reports;
    - 3) Notification of changes in licensing documents;
    - 4) Notification of takeover; and
    - 5) Other reports requested by Bank Indonesia.
  - b. Reports to be submitted by Banks acting as Funds Transfer Providers:
    - 1) Periodic reports;
    - 2) Incidental reports; and
    - 3) Other reports requested by Bank Indonesia.
- 7. Business entities incorporated in Indonesia that already provide Funds Transfers activities and are licensed by Bank Indonesia as Remittance Providers as referred to in Circular Letter of Bank Indonesia No. 10/49/DASP dated 24 December 2008 concerning Licensing of Remittance Business for Natural Persons and Non-Bank Enterprises must comply with and/or bring themselves into conformity with the requirements for becoming a Provider no later than 2 (two) years after the entry into force of this Circular Letter of Bank Indonesia.